Manitoba

ANNUAL REPORT

1988-89

Manitoba
Horse Racing
Commission

90-00832/

Dan F. Williams, Q.C., Chairman
Ian A. MacKenzie, Vice Chairman
Adele Chornoby, Member
Catherine Mollard, Member
Jim Moore, Member

MANITOBA HORSE RACING COMMISSION

Box 40, Station A, Winnipeg, Manitoba R3K 1Z9 Tel. (204) 885-7770 Fax (204) 831-0942

June 23, 1989

Minister
Industry Trade & Tourism
Room 358
Legislative Building
Winnipeg, MB
R3C 0V8

Attention: The Honourable Jim Ernst

Dear Sir:

The undersigned has the honour to present the Twenty-Third Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 1989.

Yours truly,
MANITOBA HORSE RACING COMMISSION

Dan Williams

Dan F. Williams, Q.C.
Chairman
DFW/mm

TWENTY-THIRD ANNUAL REPORT

THE MANITOBA HORSE RACING COMMISSION

for the year ending March 31, 1989

COMMISSIONERS

Dan F. Williams, Q.C.	Chairman	Winnipeg
Ian A. MacKenzie	Vice-Chairman	Portage la Prairie
Adele Chornoby	Member	Winnipeg
Katherine Mollard	Member	Winnipeg
James Moore	Member	Winnipeg

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TWENTY - THIRD ANNUAL REPORT

THE HORSE RACING COMMISSION

General

This report covers the twelve months ended March 31, 1989.

Thoroughbred Racing

Thoroughbred racing continued to receive unqualified support from the government as well as from the horsemen and from the Association, but nevertheless handles fell off in excess of $1,456,000 from the previous year, although the number of race dates declined by 1 day only. Significantly, the average daily handle declined in excess of $9,000 per day and the average daily attendance declined by 114 persons per day for a total decline of 28,485. These numbers were realized in spite of the continuation of the take-out reduction program and in spite of continued innovations by Assiniboia Downs in marketing racing through modern television techniques in an attempt to compete successfully with the proliferation of other gaming opportunities and major sports attractions offered throughout Manitoba on television and live.

Standardbred Racing

The fall/winter meet at Assiniboia Downs was able to equal its previous year's annual handle in spite of a reduction of 2 race days, and in fact increased the average daily handle by some $4,500. This occurred despite an attendance drop of almost 8,000 and a daily attendance reduction of 65 persons. This apparent anomaly is attributable to the success of the combination of televised live races with telephone account betting introduced first in Canada by Assiniboia Downs during the previous year. Although it is encouraging to note that the industry held its own, it must be remembered that it is existing at a bare subsistance level and steps must be taken to improve attendance and handle if the industry is to thrive. In this context, it is important to note the increased support from the Provincial Government for the industry which has led to a continuing feeling of optimism throughout the industry in spite of the difficulties encountered.

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With respect to the Manitoba Great Western Harness Racing Circuit, a slight improvement in wagering was noted for 32 race days, exactly the number which were contested during the previous year. This increase amounted to approximately $21,400 which occurred despite a slight drop in attendance of approximately 1,500 persons. Unfortunately, the authorities in North Dakota were unable to overcome the obstacles which developed with respect to offering pari-mutuel wagering in that state and therefore horsemen from Manitoba were not able to take advantage of increased opportunities in that area. We are pleased to advise, however, that pari-mutuel Harness racing is being offered in North Dakota in 1989 as a supplement to the Manitoba Great Western Harness Racing Circuit, which will undoubtedly improve the prospects for those Manitobans competing on that Circuit.

Quarter Horse Racing

Quarter Horse racing continued in Rossburn and at Assiniboia Downs during the year, and unfortunately a significant decline in betting handle was observed at Rossburn in spite of increased attempts at marketing by the Agricultural Society officials involved in sponsoring those races. Although separate statistics are not available for Assiniboia Downs, it was felt that the Quarter Horse races occurring at Assiniboia Downs received increased support and interest during the year.

Future Outlook

The prospects for the industry remain somewhat clouded notwithstanding the continued optimism and efforts of all segments of the industry. Assiniboia Downs continues to be one of the industry leaders in Canada in taking advantage of innovative techniques to market their attraction, and the industry is enjoying continued and increased support from the Provincial Government, but has had to contend with increasing alternate live attractions and gambling opportunities, as well as a wide array of alternative entertainment and sports events, both live and televised, competing for the same market. With the advent of a full time casino the competition will become even more fierce. Perhaps one minor solution might be to divert a portion of the lottery and casino profits to stabilize the racing industry, as is currently done in one or more of the Canadian racing provinces.

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However, at long last, amendments to the Criminal Code of Canada are almost finalized which will enable individual Provinces to authorize teletheatre operations within Provincial boundaries, and it is fervently hoped that this option will be available to provide some stability if not growth for the industry within Provincial Boundaries.

Miscellaneous

During the year the Manitoba Horse Racing Commission completed translation of all regulations and rules of racing into French and now has these items available to all participants in either official language.

Security

The Commission is continuing random drug testing and alcohol breathalyzer testing with continued co-operation from all segments of the industry, leading to very favourable statistics. Elimination or decrease in on-track accidents have followed the introduction of these testing procedures, and add significantly to the integrity of the sport.

Rulings, Fines and Appeals

The Thoroughbred meet saw 127 rulings being issued resulting in 63 fines totalling $5,130, 21 suspensions totalling 119 days and 3 indefinite suspensions. There were 11 appeals, of which 5 were withdrawn, 4 denied and 2 were upheld.

The Standardbred meet saw 124 rulings resulting in 100 fines totalling $7,225. In addition, there were 5 full suspensions and 3 indefinite suspensions pending the outcome of criminal charges and licensing procedures. There were 3 appeals, with one being denied and two allowed.

Drug Control (Equine)

There were 4 positive findings during the Thoroughbred Meet and 4 positive findings during the Standardbred Meet. In all cases it was found that there was no deliberate attempt to influence the outcome of a race, but, rather, the positive was a result of negligent barn & medication practices.

Statistical Information

Statistics supplied by outside parties have not been verified by the Commission.

SCHEDULE A

Thoroughbred Racing - Assiniboia Downs

	1988	1987
Pari-Mutuel Handle	$41,920,375	$43,376,379
Number of Race Days	118	119
Average Daily Handle	355,257	364,507
Attendance	356,203	384,688
Average Daily Attendance	3,019	3,233
Per Capita Wagering	118	113
Gross Purses	3,623,713	3,749,226
Number of Races	1,153	1,158
Per Race Purse Average	3,143	3,238
Federal Takeout	335,363	347,011
Provincial Takeout	3,803,284	3,871,125

Provincial Support Programs

	1988	1987
3% Prov. Govt. Rebate	$ 1,257,611	$ 1,301,291
Purse Support (Overnight)	1,482,438	1,501,799
Purse Supplements	227,477	235,643
Breeder Takeout Support	67,073	69,402
Purse Stakes Support	110,500	101,700
Breeder Awards	147,303	153,334
Stallion Awards	30,415	39,945
C.T.H.S. Administration	43,375	35,000
Sales Stake	17,892	
TOTAL	**$ 3,384,084**	**$ 3,438,114**

SCHEDULE B

Standardbred Racing - Assiniboia Downs

	1988/89	1987/88
Pari-Mutuel Handle	$ 14,240,283	$ 14,165,858
Number of Race Days	87	89
Average Daily Handle	163,681	159,167
Attendance	101,136	109,173
Average Daily Attendance	1,162	1,227
Per Capita Wagering	141	130
Gross Purses	1,152,073	1,208,086
Number of Races	939	951
Per Race Purse Average	1,227	1,270
Federal Takeout	113,922	113,327
Provincial Takeout	1,365,917	1,329,915

Provincial Support Programs

		1988/89		1987/88
	Purse Support (Overnight)	$ 666,245	$	517,622
	Sires Stakes	155,000		158,000
	Breeders Awards	37,312		44,089
	Owners Awards	37,296		44,093
*	M.S.S. & B.A. Administration	22,000		10,000
	TOTAL	**$ 917,853**	**$**	**773,804**

* Part of 1989/1990 fiscal year funds for 1989 calendar year advanced in 1988/1989 fiscal year

SCHEDULE C

Standardbred Racing - Rural Circuit

	Racing Days		Amount Wagered	
	1988	1987	1988	1987
Carberry	2	2	$ 57,047	$ 57,694
Carman	2	1	62,965	26,794
Dauphin	-	2	-	55,843
Deloraine	2	2	50,196	39,018
Glenboro	4	2	122,434	73,841
Holland	3	1	84,306	30,616
Killarney	3	3	98,397	105,889
Minnedosa	2	2	60,263	46,481
Pilot Mound	3	3	88,202	74,168
Portage	4	6	125,707	213,328
Russell	-	2	-	29,320
Virden	2	4	50,265	98,146
Wawanesa	2	1	53,143	24,020
Miami	3	1	75,624	31,960
TOTALS	**32**	**32**	**$928,549**	**$907,118**

Other Comparative Statistics

	1988	1987
Attendance	38,795	40,295
Average Daily Attendance	1,212	1,259
Gross Purses	$377,061	$340,085
Per Race Purse Average	$ 1,119	$ 1,063

Provincial Support Programs

	1988	1987
Purse Supplements	$149,150	$151,000
Breeders/Owners Awards	63,400	63,383
Sires Stakes	20,000	20,000
Grants	17,928	22,084
TOTAL	**$250,478**	**$256,467**
Per Capita Wagering	23.93	22.51

SCHEDULE D

Quarter Horse Racing

	1988	1987
Pari-Mutuel Handle		
Rossburn	$ 5,670	$ 6,554
Racing Days		
Rossburn	2	2
Provincial Support Program		
Purse Supplements	6,600	6,200
Sires Stakes	5,000	4,900
Administration Grant	500	500
TOTAL	**$12,100**	**$11,600**

SCHEDULE E

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending March 31, 1989

Licenses	Thoroughbred	Standardbred
Owner	969	336
Owner/Trainer	152	75
Owner/Driver	-	4
Trainer	45	2
Assistant Trainer	14	-
Owner/Trainer/Driver	-	82
Jockey	45	-
Apprentice Jockey	68	-
Driver	-	5
Driver/Trainer	-	3
Jockey Agent	8	-
Veterinarians	3	3
Official	8	6
Tradesmen	38	15
Backstretch	303	66
Association	223	178
Sponsored Person	785	152
Assistant Veterinarian	1	-
Quarter Horse Ast. Jockey	-	-
Quarter Horse	108	-
TOTAL LICENSES ISSUED:	**2770**	**927**

Registrations	Thoroughbed	Standardbred
Partnerships	259	59
Stable Names	165	11
Colours	22	-
Leases	18	-
Authorized Agents	223	44
Open Claims	10	-

Manitoba

THE HORSE RACING COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B and C, of The Horse Racing Commission for the year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

May 12, 1989,
Winnipeg, Manitoba.

THE HORSE RACING COMMISSION

Balance Sheet
as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988
A S S E T S		
Current assets:		
Cash on hand and in bank	$ 383,882	$ 309,467
Account receivable - other	50	-
Prepaid expenses	-	5,744
	$ 383,932	$ 315,211
L I A B I L I T I E S		
Current liabilities:		
Accounts payable and accrued liabilities	$ 45,792	$ 25,880
Advance - Government of the Province of Manitoba (Note 4)	177,285	200,000
Deferred revenue	7,700	9,800
	230,777	235,680
Funds held in trust (Note 5)	18,192	-
Funds available for future operations, Exhibit B	134,963	79,531
	$ 383,932	$ 315,211

THE HORSE RACING COMMISSION

Exhibit B

Statement of Revenue and Expenditure and Funds Available for Future Operations
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Revenue:		
Grant from the Government of the Province of Manitoba	$ 519,000	$ 519,000
Fees, licenses and fines (Note 6)	141,524	145,660
Interest	21,402	13,486
Sundry	1,386	1,571
	683,312	679,717
Expenditure:		
Advertising and promotion	3,294	810
Building renovations	-	2,000
Commissioners' per diem and honoraria	80,331	74,371
Employee benefits	27,969	29,745
Equipment and office furniture	9,975	1,883
Equipment rentals	11,235	11,570
Health and post secondary education tax levy	8,846	8,975
Hearings and appeals	10,130	6,800
Memberships and dues	6,063	5,528
Office	8,005	7,375
Printing rule books	-	9,882
Professional fees	26,480	28,725
Recruiting costs	2,074	1,370
Repairs and maintenance	10,748	9,026
Research grant	5,000	5,000
Salaries:		
Administration	70,558	69,633
Security	35,113	37,044
Stewards and judges	183,995	179,210
Veterinarian services	66,970	63,570
Security supplies and costs	23,947	23,313
Sundry	21	188
Telephone	8,951	6,918
Travel	28,175	25,571
	627,880	608,507
Revenue over expenditure, before extraordinary item	55,432	71,210
Extraordinary item - write-off of accounts receivable arising from 1982 temporary track closure (Note 3)	-	47,653
Revenue over expenditure	55,432	23,557
Funds available for future operations at beginning of of period	79,531	55,974
Funds available for future operations at end of period, Exhibit A	$ 134,963	$ 79,531

THE HORSE RACING COMMISSION

Statement of Government Grant Receipts
and Disbursements
for the year ended March 31, 1989
(with 1988 figures for comparison)

	1989	1988
Grant received from the Government of the Province of Manitoba	$ 4,564,515	$ 4,479,985
Grants disbursed:		
Thoroughbred		
Overnight purse support	$ 2,740,050	$ 2,803,090
Owners/breeders incentive	600,659	600,024
C.T.H.S. administrative grant	43,375	35,000
Standardbred		
Overnight purse support	666,245	517,622
Owners/breeders incentive	229,608	246,182
M.S.S. & B.A. administrative grant	22,000	10,000
Standardbred rural		
Overnight purse support	149,150	151,000
Owners/breeders incentive	63,400	63,383
Stakes program	20,000	20,000
Grants	17,928	22,084
Quarter horse		
Overnight purse support	6,200	6,200
Stakes program	5,000	4,900
M.Q.H.S. administrative grant	900	500
	$ 4,564,515	$ 4,479,985

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1989

1. Nature of the operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. In addition, the Commission acts as a conduit for support grants between the Government of the Province of Manitoba and the horse racing industry.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Consequently, the Commission will not experience an operating deficit. Administrative grant monies drawn down in excess of actual expenses are retained by the Commission as "funds available for future operations". However, such funds available for future operations reduce subsequent administrative grant requirements.

2. Significant accounting policies

An accrual basis of accounting is followed except for:

i) Capitalization and depreciation

The costs of building renovations, purchases of equipment and office furniture, are charged directly to operations. Accordingly depreciation is not provided for in the accounts.

ii) Pension liability and expense

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission will be required to contribute 50% of the pension disbursement made to retired employees. Such payments are to be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Commission's employees amounted to $56,370 as at December 31, 1988 ($40,348 - December 31, 1987).

iii) Support grants

Support grants are recorded on a cash basis and are reflected separately (Exhibit C) from the general administrative activities of the Commission.

iv) Printing rule books

The cost of printing rule books is charged to operations once they are approved for printing.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1989

3. Accounts receivable arising from 1982 temporary track closure

An agreement dated July 21, 1982 between the Horsemen's Benevolent and Protective Association (H.B.P.A.), the Canadian Thoroughbred Horse Society (C.T.H.S.) and The Horse Racing Commission provided for the payment of amounts owing to individual horsemen as a result of the default by Assiniboia Downs 1981 Ltd. In addition a letter of understanding dated August 7, 1982 from the H.B.P.A. provided that the H.B.P.A. would reimburse the Commission for the 1982 purse overpayments incurred by Winnipeg Racing Ltd., which were paid by the Commission. The July 21, 1982 agreement further provided that surplus funds of Winnipeg Racing Ltd. would reduce the amount owing to the Commission. The original amount receivable of $277,589 was reduced by payments from these organizations to $47,653 as at March 31, 1986.

During the year ended March 31, 1987 the Commission negotiated an arrangement with Assiniboia Downs and the Horsemen's groups whereby the Commission would forgive the balance receivable of $47,653 upon satisfactory completion of certain capital improvements in the backstretch by October 1, 1987 which would benefit all horsemen. The Commission appropriated a reserve of $47,653 from funds available for future operations to reflect this arrangement.

During the year ended March 31, 1988 the Assiniboia Downs advised the Commission that it was unable to proceed with the construction of these capital improvements by October 1, 1987 as previously arranged. The Assiniboia Downs has now proposed to include these capital improvements in a new combined Harness and Thoroughbred Paddock. Satisfactory completion of the proposed new facility will result in the forgiveness of this receivable. In recognition of the likelihood that the Assiniboia Downs will meet this condition the Commission has written off this receivable.

However, the Commission has not abandoned its rights to take appropriate action for recovery in the event that the proposed capital improvements are not completed. This situation is reviewed by the Commission from time to time and at least annually.

4. Advance - Government of the Province of Manitoba

The working capital advance is provided interest free to the Commission by the Government of the Province of Manitoba.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1989

5. Funds held in trust

Funds held in trust represent a liability incurred by contractual arrangement with the Canadian Thoroughbred Horse Society (C.T.H.S.) as part of 1989 Breeder and Owners Incentive Program Award. The costs are included in Thoroughbred Owner/Breeder incentive grants on Exhibit C. The cash which will be used to discharge this liability has been placed in a separate trust bank account under the control of the Commission.

6. Fees, licences and fines

	1989	1988
Thoroughbred		
Daily licences	$ 35,400	$ 35,400
Fees and licences	52,765	54,375
Fines	6,350	9,625
	94,515	99,400
Standardbred		
Daily Licences	25,500	25,700
Fees and licences	10,195	9,360
Fines	11,314	11,200
	47,009	46,260
	$ 141,524	$ 145,660

7. Comparative figures

Certain comparative figures of the previous year have been reclassified in order to conform with the financial statement presentation adopted for the current year.